SINGER FINANCE (LANKA) PLC

FOR THE YEAR ENDED 31st MARCH 2025



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with confidence Colombo 03, Sri Lanka. TO THE SHAREHOLDERS OF SINGER FINANCE (LANKA) PLC

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Singer Finance (Lanka) PLC (the Company), which comprise the statement of financial position as at 31 March 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter

Credit Losses of loans and lease receivables measured at amortised

Allowances for expected credit losses of loans and lease receivables measured at amortised cost as stated in Notes 18.4, 18.3 and 18.2 respectively, is determined management the accounting policies described in Note 09 to the financial statements.

This was a key audit matter due to

- @ the involvement of significant management judgements, assumptions and level of estimation uncertainty associated in estimating future cash flows to recover such loans and lease receivables; and
- the materiality of the reported amount of Allowances for expected credit losses.

Total Comprehensive Income for the Period

How our audit addressed the key audit matter

Allowances for Expected In addressing the adequacy of the allowances for expected credit losses of loans and lease receivables, our audit procedures included the following key procedures:

- @ Assessed the alignment of the Company's allowances for expected credit losses computations and underlying methodology including responses to economic conditions with its accounting policies, on the best available information up to the date of our report.
- @ Evaluated the design, implementation and operating effectiveness of controls over estimation of expected credit losses, which included assessing the level of oversight, review and approval of allowances for expected credit losses, policies and procedures by the Board and the management.
- @ Tested the completeness, accuracy and reasonableness of the underlying data used in the expected credit loss computations by cross checking to relevant source documents and accounting records of the Company.
- @ Evaluated the reasonableness of credit quality assessments and related stage classifications.
- @ In addition to the above, the following procedures were performed:
- For loans and lease receivables assessed on a collective basis for impairment:
- @ Tested the key inputs and the calculations used in the impairment for expected credit losses.

Key areas of significant judgements, assumptions estimates management in the assessment of the allowances for expected credit losses for loans and lease receivables include forward-looking macroeconomic scenarios and their associated weightages. These are inherently subject to heightened levels 01 estimation uncertainty

and subjectivity. Further information on the key estimates, assumptions and judgements is disclosed in

Information Technology system related internal controls over financial reporting

Note 09.

Company's financial reporting process significantly reliant on IT system and related internal controls. Further, key financial statement disclosures are prepared using data and reports generated by the IT system, that are compiled and formulated with the use of spreadsheets.

Accordingly, IT system related internal controls over financial reporting were considered a key audit matter.

assurance conclusion thereon.

Other matter

fraud or error.

@ Assessed the reasonableness of judgements, assumptions and estimates used by the Management in the underlying methodology and the management overlays. Our testing included evaluating the reasonableness of forward-looking information used, economic scenarios considered, and probability weighting assigned to each scenario.

@ Assessed the adequacy of the related financial statement disclosures set out in notes 18.1 18.2, 18.3, 18.4 and 37.1.1.

Our audit procedures included the following key procedures:

- @ Obtained an understanding of the internal control environment of the relevant significant processes and test checked key controls relating to financial reporting and related disclosures.
- @ Involved our internal specialized resources
- @ Obtained and understanding IT Governance Structure of the Company
- @ Identified, evaluated and tested the design and operating effectiveness of IT system related internal controls over financial reporting, relating to user access and change management, and
- @ Obtained a high-level understanding of the cyber security risks affecting the Company and the actions taken to address these risks primarily through inquiry.

Tested source data of the reports used to generate disclosures for accuracy and completeness including review of the general ledger reconciliations.

The financial statements of Singer Finance (Lanka) PLC for the year ended 31st

March 2024 were audited by another auditor who expressed an unmodified opinion

Other information consists of the information included in the Company's 2025

Annual Report, other than the financial statements and our auditor's report thereon.

Management is responsible for the other information. Our opinion on the financial

statements does not cover the other information and we do not express any form of

In connection with our audit of the financial statements, our responsibility is to

read the other information and, in doing so, consider whether the other information

is materially inconsistent with the financial statements, or our knowledge obtained

in the audit or otherwise appears to be materially misstated. If, based on the work

we have performed, we conclude that there is a material misstatement of this other

information, we are required to report that fact. We have nothing to report in this

Responsibilities of Management and those charged with Governance for the

true and fair view in accordance with Sri Lanka Accounting Standards, and for such

internal control as management determines is necessary to enable the preparation

of Financial Statements that are free from material misstatement, whether due to

In preparing the Financial Statements, management is responsible for assessing the

Company's ability to continue as a going concern, disclosing, as applicable, matters

management either intends to liquidate the Company or to cease operations, or has

400

5%

Other Information included in the Company's 2025 Annual Report

on those financial statements on 24 May 2024.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgement and maintain professional skepticism throughout the audit.

- @ Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- @ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's
- @ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- @ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- @ Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our

complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

We also provide those charged with governance with a statement that we have

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits

Report on Other Legal and Regulatory Requirements

As required by Section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept

CA Sri Lanka membership number of the engagement partner responsible for signing this independent Auditor's Report is 4839.

Ernet & 4ag

Management is responsible for the preparation of Financial Statements that give a 6 May 2025

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms Y A De Silva FCA, Ms G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms N A de Silva FCA, N M Sulaiman FCA FCMA, Ms L K H L Fonseka FCA, Ms P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms P S Paranavitane ACA, ACMA LLB (Colombo), B. Vasanthan ACA ACMA, W D P L Perera ACA.

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, D L B related to going concern and using the going concern basis of accounting unless Karunathilaka ACMA, W S J De Silva BSc. (Hons) - MIS MSc - IT, V Shakthivel B.Com (Sp) A member firm of Ernst & Young Global Limited

no realistic alternative but to do so. **KEY FINANCIAL DATA FOR THE PERIOD ENDED 31ST MARCH 2025 (AUDITED)** In Rupees Million As a % From From 01 April 2024 01 April 2023 Interest Interest 31 March 2024 31 March 2025 **Income** Interest Income 8,983 100% 7,581 100% Interest Expense 4,190 4,793 63% Net Interest Income 4,793 53% 2,788 37% Gains/(Losses) from Trading Activities 723 8% 7% Operating Expense (Excluding Impairment) 3,238 36% 2,479 33% Impairment (234)-3% 131 2% 23% Profit/(Loss) Before Tax 2,045 972 13% 1,193 13% 568 7% Profit/(Loss) After Tax 852 9% 404 **5**% Other Comprehensive Income for the Period, Net of Tax 36 0% (4)0%

888

10%

As At 31 March 2025	As a % of Total	As At	As a %
			As a %
	Assets	31 March 2024	of Total Assets
	110000		1100010
4,607	8.07%	4,080	11.15%
2,813	4.92%	2,942	8.04%
25	0.04%	-	0.00%
47,616	83.37%	27,800	75.97%
2	0.00%	2	0.01 %
711	1.24%	638	1.74%
1,343	2.35%	1,132	3.09%
57,117	100.00%	36,594	100.00%
7,656	13.40%	4,567	12.48%
17	0.03%	105	0.29%
28,314	49.57%	22,180	60.61%
12,758	22.34%	2,836	7.75%
2,268	3.97%	1,692	4.62%
51,013	89.31%	31,380	85.75%
1,996	3.49%	1,996	5.45%
506	0.89%	335	0.92%
3,600	6.30%	2,829	7.73%
2	0.00%	54	0.15%
6,104	10.69%	5,214	14.25%
57,117	100.00%	36,594	100.00%
30.21%		25.80%	
	2,813 25 47,616 2 711 1,343 57,117 7,656 17 28,314 12,758 2,268 51,013 1,996 506 3,600 2 6,104 57,117	4,607 8.07% 2,813 4.92% 25 0.04% 47,616 83.37% 2 0.00% 711 1.24% 1,343 2.35% 57,117 100.00% 7,656 13.40% 17 0.03% 28,314 49.57% 12,758 22.34% 2,268 3.97% 51,013 89.31% 1,996 3.49% 506 0.89% 3,600 6.30% 2 0.00% 6,104 10.69% 57,117 100.00%	Assets 4,607 8.07% 4,080 2,813 4.92% 2,942 25 0.04% - 47,616 83.37% 27,800 2 0.00% 2 711 1.24% 638 1,343 2.35% 1,132 57,117 100.00% 36,594 7,656 13.40% 4,567 17 0.03% 105 28,314 49.57% 22,180 12,758 22.34% 2,836 2,268 3.97% 1,692 51,013 89.31% 31,380 1,996 3.49% 1,996 506 0.89% 335 3,600 6.30% 2,829 2 0.00% 54 6,104 10.69% 5,214 57,117 100.00% 36,594

SELECTED KEY PERFORMANCE INDICATORS			_		
Indicator		As At 31 March 2025		As At 31 March 2024	
Regulatory Capital Adequacy	Actual	Required	Actual	Required	
Tier 1 Capital Adequacy Ratio	10.98%	8.50%	15.62%	8.50%	
Total Capital Adequacy Ratio	13.14%	12.50%	18.54%	12.50%	
Capital Funds to Total Deposit Liabilities Ratio	21.56%	10.00%	23.51%	10.00%	
Quality of Loans Portfolio					
Gross Stage 3 Loans Ratio		5.54%		11.22%	
Net Stage 3 Loans Ratio		3.46%		7.78%	
Net Stage 3 Loans to Core Capital Ratio		29.33%		45.12%	
Stage 3 Impairement Coverage Ratio		37.57%		30.68%	
Total Impairement Coverage Ratio		2.82%		4.12%	
Profitability (%)					
Net Interest Margin		11.45%		9.57%	
Return on Assets (Before Tax)		3.11 %		1.90%	
Return on Equity (After Tax)		15.05%		7.93%	
Cost to Income Ratio		58.69%		74.66%	
Liquidity (%)					
Available Liquid Assets to Required Liquid Assets					
(Minimum 100%)		240%		288%	
Liquid Assets to External Funds		24.00%		29.20%	
Memorandum Information					
Number of Branches		56		52	
External Credit Rating		BBB+ (lka)		BBB (lka)	

We, the undersigned, being the Chief Executive Officer, the Financial Controller and the Compliance Officer of Singer Finance (Lanka) PLC certify

(a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka (CBSL); (b) the information contained in these statements has been extracted from the Audited Financial Statements of the Singer Finance (Lanka) PLC.

(Sgd.) T.A. Amarasuriya Director/Chief Executive Officer

(Sgd.) C.V. Nanayakkara Chief Financial Officer

(Sgd.) M.N.S. De Silva Compliance Officer

27.06.2025

A Subsidiary of Singer (Sri Lanka) PLC, Licensed by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011. Date of Incorporation 19th April 2004. Rated BBB + (lka) by Fitch Ratings. Co Reg No. PB 813 PQ No. 498, R.A. De Mel Mawatha, Colombo 03. Tel: 2100110, 2400400, Fax: 2303715, E-Mail: financecompany@singersl.com, Web: www.singerfinance.com

27.06.2025